10 Ways to Teach Your Kids About Money

Economist John Maynard Keynes wrote, “Whenever you save $5, you put a man out of work for a day … whenever you buy goods you increase employment …”

Unfortunately, like Keynes, many people and governments have embraced the idea that huge spending equates to a better fiscal policy. But economist T.N. Carver writes, “In the long run, the thrifty man will spend more because he will have more to spend than the thriftless man.”

Teaching kids about money and the wisdom of thrift is important, and we strive to provide you with the very best financial resources. That’s why we are proud to partner with Brightpeak Financial—their products, tools, and resources were designed specifically for the financial needs of families like yours.

Without further ado, here are our 10 ways to teach your kids about money:

1. “It’s just money.” The first thing to teach your kids about money is that it’s only green paper. Money is required for existence in society but cannot buy love, friends, or happiness. And they will not take it with them after their life is over.

2. It’s your responsibility. Many parents don’t take the time and effort to teach their kids about money. This would explain a portion of the current debt crisis. It is your responsibility to mentor your kids in the important facts of life. Money stands tall on that list.

3. Younger kids and money. Kindergarten-age children are fascinated with money. Isn’t it refreshing to see a person get truly excited over a nickel? Teaching a child this age about money also comes with the extra benefit of learning math skills. Introduce to him all of the different valued coins. Have him count and divide them. He will never tire of this game! If you would like additional tips for young kids, you can download a free eBook by Brightpeak Financial on teaching your kids money smarts.

4. Give an allowance. When you feel your kids are at an appropriate age, have them start earning their own money. Nothing teaches children the value of a dollar like having to work for it. And they can start saving up their allowance to purchase items they want instead of bugging you for it! Try this All Pro Dad training tool, Chore Chart.

5. The shopping spree. It might sound peculiar, but allow your kids to go on a shopping binge with their saved allowance. Most likely they will blow what they have very quickly. This will lead to the discovery that what they purchased were items they aren't even sure they wanted. This will teach the valuable lesson of spending money wisely.

6. Use online resources. The website Money is a fantastic site for parents and teachers. It features lessons, worksheets, games and many other helpful tools to teach children. You are paying that monthly Internet fee so put it to good use!

7. Emphasize interest. Albert Einstein once called interest the eighth wonder of the world—it's so powerful. Encourage your children to open a savings account to accrue "free money." And, on the flip side, show your kids how much more they'll have to pay for anything they might borrow money for in the future.

8. Common sense. Scott Reeves of Forbes magazine writes, "If you can teach your child the difference between needs and wants, how to budget and how to save, your child will know more than many adults." Proper money management is basically just good common sense and keeping greed in check.

9. Big decisions. A great idea is to allow the whole family to be a part of major family purchases. The family vacation, buying a new car, and purchasing a new washer and dryer are a few examples. Give everyone in the family an assignment to research. Compare costs, quality reviews and the most bang for the buck. This will be fun and a terrific real-life money management experience.

10. Counter-influence. We live in a consumer-based economy. Our current system only works when people spend great deals of money. We also have to contend with the daily bombardment from all angles of advertising. Children are encouraged from the earliest ages to want and to spend. You must counteract this influence by providing the skills for a properly balanced life and that starts by you showing the rare jewel of contentment.

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